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The Effects of the External Environment on Internal Management Strategies within Micro, Small and Medium Enterprises; Kenyan Case

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Abstract

Kenya is a developing country where 85% of employment is generated by MSMEs .The country has been experiencing the upsurge of too many challenges all at once. These includes an experimental 'coalition government', economic recession, implementing a new constitution, cultural diversity and the animosity behind it.

These challenges may impact the performance of enterprises by affecting the management strategies. The study addresses the effects on management strategies such as marketing strategies, human relations strategies, strategic management and interpersonal factors among others. The objective is to test effects of external environment on the internal management strategies within the MSMEs. Results from the study indicated significant correlations between the management strategies and the environmental factors. However, there was no significant effect of the environment on the performance of the MSMEs. It is concluded that the external environment affects performance by affecting the management strategies the firms undertakes. A major control factor will be the nature of the firm and the calibre of management in practice which will dictate strategies undertaken to react to the environment.

Keywords: Environmental factors, Management strategies, MSME's (micro, small and medium enterprises),

SMEs and MSEs.